

## **SECTION 2**

### **2.6 COST-SHARE CONTRACT AND EXTENSION GUIDANCE**

The following guidance was developed in response to inquiries regarding cost-share contract signing and eligibility concerns.

#### **COST-SHARE CONTRACT ISSUES**

1. The county representative (the LCC Chair or designee) should approve any and all applications (if applicable) for a cost-share grant. However, an approved application does not authorize the initiation of any installation of practices. No installation can begin until a completed cost-share contract is signed by all parties.
2. The county representative (the LCC Chair or designee) should sign cost-share contracts in the same year that the cost-share funds are allocated. For example, if you plan to use 2014 allocated funds, you should sign the contract in 2014. Practically, this means that the county representative should not sign any contract in the year prior to when funds are allocated. If a county has a designated cost-share sign-up day for landowners in late November or December for the following year's allocation, the landowner can sign the contract during this period and the county representative should sign the contract on or after January 1 of the grant year. During this sign-up period, the county should inform the landowner that no work can begin on the project until after the county has signed the contract.
3. While all cost-share contracts must have required signatures from landowners, grant recipients and their spouses, not every signature needs to be notarized. When the landowner and grant recipient are not the same, the county will use Exhibit A1 (ARM\_LWR\_260) for the grant recipient and spouse to sign (their signatures may need to be both notarized). If a contract provides cost-sharing of \$14,000 or more in bond funding, it is necessary to notarize the spouse's signature (if applicable).

In using SEG funds for cost-sharing a nutrient management plan where multiple landowners are involved with the same grant recipient, each landowner signs a separate contract with the grant recipient. Each landowner and spouse (if applicable) would sign page 1 of the contract and the grant recipient and spouse (if applicable) would sign the Exhibit A1. The grant recipient's signature would be notarized for each contract. It is not necessary to notarize the signature of the grant recipient's spouse. It also is not necessary to notarize the landowner and spouse's signatures unless the contract is going to be recorded. Since the nutrient management practice goes with the land, it is necessary to have each landowner sign a separate contract for their land parcel.

4. A county can sign, at its own risk, a contract that provides for more cost-sharing than the county has received in its allocation for that year. If a county has a large project, it should be aware of and make sure the landowner also is notified that the funding of

the project is not guaranteed (even if DATCP approves a project of \$50,000 or more) beyond the current year's allocation. The following specific language should be added to the contract: ***"The total cost-share amount for this project exceeds the available funds provided by DATCP for this year [state year]. This contract is contingent on DATCP's allocation of sufficient cost-share grant funds to the county in the following year's [state year] joint allocation plan."***

Under this scenario, when the county is relying upon the next year's allocation to complete the project, the entire project cannot be completed and certified in the year the funds were allocated. Some component of the practice must remain unfinished and the county must request an extension (by December 31) of the project from the current year into the next year. The extended project must also have some of the current year's funding associated with it to be eligible for extension.

5. If a county anticipates providing more than \$50,000 of DATCP cost-share funds for a project, it should seek DATCP approval as soon as possible. For a more detailed discussion regarding DATCP approval, refer Section 2.4 Over \$50,000 DATCP Cost-Sharing Requirements of the SWRM Working Manual.
6. When completing section 5 of the cost-share contract, counties should do all of the following: under cost-share item description, include the ATCP 50 code reference and the preferred units of measurement for each practice listed. For more information on listing practices and NR 151 references, refer Section 2.2 Cost-Share Funding Source Table And NR 151 Code Guidance of the SWRM Working Manual.
7. When signing a cost-share contract for CREP equivalent, a practice must be associated and listed separately on the contract. If a practice already exists on the land, list the practice and put \$0.00 in the total estimated cost column.
8. Where nutrient management is required as a supporting practice, regardless of whether cost-sharing is separately provided, the NM practice (50.78) must be listed on the cost-share contract along with main practice. To receive reimbursement for the main practice, the farmer must provide a NM checklist certifying that the NM plan was developed to standards. In the case of manure storage (50.62), nutrient management is always a required practice. A nutrient management plan must be prepared (no cost-share funds provided from DATCP) before requesting reimbursement. Nutrient management (50.78) should be added to page 5 of the cost-share contract at \$0.00 along with the acres involved. A completed Nutrient Management Checklist should be attached to the certification and reimbursement request form. In the case of barnyard runoff control (50.64) and feed storage runoff control systems (50.705), a nutrient management plan is only a required if certain conditions specified in the applicable rule sections are met. For example, in the case of ATCP 50.64, a nutrient management plan is required only if county spends more than \$25,000 in DATCP cost-share funds on the barnyard project. When nutrient management is required, complete the cost-share contract and submit practice certification using the same procedure as outlined above for manure storage.

9. There is no recording requirement for soft practices cost-shared with SEG funds, but there remains a requirement to record cost-share contracts that involve \$14,000 or more in cost-sharing for bondable practices. In addition to the requirement for recording contracts, a county may choose (but is not required) to record a cost-share contract. As with the costs related to mandatory recording, the cost of voluntary recording may be lumped in the total cost of the cost-share payment. DATCP recommends not recording a contract until after a project is completed.

## **REIMBURSEMENT-RELATED ISSUES**

10. A practice cannot be installed before a valid cost-share contract is signed, and the cost-shared practice must be fully installed before it is certified. There may be rare occasions when a project is complete but a county cannot obtain a certification before the final February 15<sup>th</sup> deadline for submitting reimbursement requests. Counties can avoid these situations by making advance arrangements with DATCP engineering staff and others to review an installed practice. If certification is not possible, counties can preserve their right to reimbursement by sending a letter as a place holder for remittance. If nothing is submitted, DATCP will liquidate the available funds and the project payment will be denied.
11. To enter the correct watershed code in the appropriate column of the reimbursement form, refer to the list of watershed codes in Section 2.3. When you complete the reimbursement form electronically, the NR151 code column is automatically filled with “00” unless the county selects a different code from the dropdown menu. For assistance in filling in the appropriate NR 151 code, refer to Section 2.2 Cost-Share Funding Source Table And NR 151 Code Guidance of the SWRM Working Manual.
12. DATCP provides, with every cost-share reimbursement payment, an updated reporting sheet detailing processed payments by cost-share contract number and uncommitted balances. Counties are encouraged to reconcile their records with this sheet when each payment is received and contact DATCP concerning any discrepancies.

## **EXTENSION-RELATED ISSUES**

13. A cost-share contract may be extended for only one year, and only to the extent a county has cost-share funds available. If a county’s available funding is less than the amount necessary to cover the extension request, DATCP will only approve an extension for the funds available. The county must use grant funds awarded in the future year to complete the project unless it has unspent funds from other extended projects.
14. After an extension is granted, counties may use a change order to add practices or change project costs. DATCP may use extended funds to pay for additional costs related to a project, even if the funds were not extended for that particular project.

However, if extended funds cannot cover these project costs, DATCP will use new funds awarded to the county.

15. Counties cannot seek DATCP reimbursement on an extended cost-share contract that has expired. A new cost-share contract may be signed for the project only if work has not been started to install the cost-shared practice.
16. A cost-share project funded from redirecting the staffing grant cannot be extended and must be completed in the grant year. DATCP must approve any redirection or reallocation of funds. For DATCP approval procedures, refer to Section 2.10 Staffing Grant Re-allocation and Redirection Guidance of the SWRM Working Manual.